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FAS FOR OFFICE OF GLOBAL ANALYSIS  
FAS FOR OFFICE OF TRADE PROGRAMS

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SUBJECT: DRAFT LAW ESTABLISHING A CHAMBER OF AGRICULTURE TO BE  
SUBMITTED TO EXTRAORDINARY PARLIMENTARY SESSION

REF: A) AMMAN 518  
B) AMMAN 79

¶1. (U) Summary: After years of delay, a draft law establishing a Chamber of Agriculture (CHOA) in Jordan will be introduced to an extraordinary session of parliament, scheduled to start in mid-June. The proposal to create an independent umbrella organization to promote agribusiness is part of Jordan's eight-year National Agricultural Strategy. The Ministry of Agriculture is pushing hard to realize this plan, which the Minister believes will improve the agribusiness sector by consolidating the efforts of private and governmental institutions involved in agriculture. Establishing a CHOA has been consistently opposed by the larger Chamber of Commerce which fears both a loss of its revenues and authority. Additionally, the government and private sector are seeking funds to establish an Agricultural Marketing Company to set export standards for Jordanian produce and to encourage contracted shipments to Europe. End summary.

Promoting Agribusiness  
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¶2. (SBU) Parliament will meet in an extraordinary session, scheduled to open mid-June (septel). Among the agenda's priorities is a draft law establishing a Chamber of Agriculture (CHOA), a long overdue measure according to the Ministry of Agriculture (MoA). Creating an umbrella organization to promote agribusiness is a key element of Jordan's 2002-2010 National Agricultural Strategy (NAS) and strongly advocated by the Agriculture Minister. Jordan's agricultural sector contributes only 3 percent of GDP and the NAS posits that with sector reform, all agricultural economic activities could reach 30 percent of GDP. Dr. Mahmoud Al Najdawi, Assistant to the MOA Secretary General and the official responsible for technical affairs explained that additional benefits resulting from the establishment of a CHOA include extra revenues generated from the issuance of certificates of origin, which would then be invested in improving the quality of agricultural produce and boosting "brand recognition."

¶3. (U) Currently, certificates of origin are issued by the Chamber of Commerce (CoC) based solely on the ability of an applicant to pay licensing fees. No agricultural expert is required to examine the produce for export. "All that would change when the new ChoA takes over," asserts Najdawi. Another change, according to Mohamed Awamleh, a business-oriented farmer and active member in many local and regional agricultural marketing forums, would be ChoA creation of a platform from which to address artificial barriers to

agriculture trade, such as accumulated taxes on inputs and fees for foreign laborers. Khader Aabawi, MOA Director of Legal Affairs told FAS Officer that the ChoA would also fill existing gaps related to the issuance of trade certification, licenses for agribusiness, and fee collection.

#### Horticultural Community Lobbies for Its Own Advocate

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¶4. (U) Similarly, Jordan's horticultural community seeks to establish an Agricultural Marketing Company (AMC) to solve marketing challenges. Horticulturists justify the need for an AMC by explaining that Jordan's horticultural exports suffered following the dismantlement of the government-run Agricultural Marketing Organization following Jordan's accession to the World Trade Organization. An AMC, in their view, would help to link the output of high-grade horticultural products with a program to categorize horticultural produce by class and grade, thereby raising the quality and image of Jordanian horticultural products and also trimming huge post-harvest losses. Farmers and exporters contend that absent local standards, they are subject to variables in the countries to which they export. One trader reported that in the UAE, the price for Jordanian fruits and vegetables is based on the worst shipment received, so grade and packaging is not important. In contrast, Turkish traders purchase the best quality Jordanian produce and package and price it accordingly. The AMC would seek to replicate the Turkish model.

¶5. (U) Horticulturists also desire to "pre-contract" produce destined for European markets in order to earn top dollar for high-grade products in high-demand markets. To do so, Jordanian

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producers must be successful in meeting high European standards like the European Good Agricultural Practices (Euro-GAB); in implementing local standards determined by the Jordann Institute for Standards and Metrology as of July 2008; and in producing, on a contractual basis, sufficient crops to meet demand and withstand market fluctuations. The GoJ supports an AMC as an alternative to allocating funds to compensate farmers for losses due to natural disasters such as the January 2008 frost (ref A).

¶6. (U) Successive ministers of agriculture have called for establishing a privately-owned marketing company to maximize revenues from the export of fresh agricultural products. Abdallah Sheshani, MOA Director of the Private Sector Unit, told FAS Officer that MoA has raised \$5 million in provisional funds from local sources (the private sector as well as Jordan's Social Security Corporation, the Agricultural Credit Corporation, the Jordanian Exporters and Producers of Fruits and Vegetables Association, the Farmers Union, and the Agricultural Engineers Union) for the endeavor. MoA is still negotiating with the Arab Corporation for Agricultural Investment (ACAI) for an additional \$5 million; ACAI has asked MoA to revise its visibility study in light of the skyrocketing prices of cereals and agricultural produce.

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